GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:3938
ANSWERED ON:10.08.2017
Royalty on Coal and Clean Environment Cess
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Will the Minister of COAL be pleased to state:

(a) whether the loyalty on coal is revised appropriately and early and also 60 per cent of the Clean Environment Cess on coal is earmarked to coal bearing States as they have to bear the cost of environmental degeneration and rehabilitation and if so, the details thereof;

(b) whether any State Governments put forth their proposals in regard to the above and if so, the details thereof;

(c) whether any arrangement has been made for the transfer of Rs. 566 crore payable by M/s. HINDALCO on account of coal block Talabira-1 to Odisha and if not, the reasons therefor; and

(d) whether the Union Government proposes to issue suitable advisory for release of the claims of Odisha at the earliest and if so, the details thereof?

Answer

MINISTER OF STATE (IC) IN THE MINISTRY OF COAL, POWER , NEW & RENEWABLE ENERGY AND MINES

(SHRI PIYUSH GOYAL)

(a) & (b) The State Governments have put forth their proposal with regard to revision of royalty as well as sharing of Clean Environment Cess on coal. Proposals for National Clean Energy Fund are invited from all states and coal bearing states are also encouraged to put in more proposals to use the funds collected under cess on coal. The provision of Mines and Minerals (Development and Regulation) Act, 1957 do not require the royalty rates to be revised at any certain interval. It only requires that the rate of royalty cannot be enhanced more than once during any period of three years. The rate of royalty was last revised w.e.f. 10.05.2012. The ad-valorem rates as notified are still continuing. However, the Government has established District Mineral Foundation (DMF) in districts affected by mining related operations. The object of DMFs is to work for the interest and benefit of persons and areas affected by mining related operations. The DMFs will be funded by statutory contributions from holders of mining lease and in this regard, rules specifying rates of contribution to DMFs has been notified on 17.09.2015, which prescribes the rate of contribution to DMF as follows:
(a) 10% of royalty in respect of mining leases granted on or after 12.1.2015; and
(b) 30% of royalty in respect of mining leases granted before 12.1.2015.

Contribution will directly go to the District Mineral Foundation Trust (DMFT) of the respective district.

The Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) has been conceived by the Government which will be implemented by the District Mineral Foundations (DMFs) of the respective districts using the funds accruing to the DMFT. At least 60% of PMKKKY funds will be utilized for high priority areas like: (i) drinking water supply; (ii) environment preservation and pollution control measures; (iii) health care (iv) education;
(v) welfare of women and children; (vi) welfare of aged and disabled people; (vii) skill development; and (viii) sanitation. The rest of the funds will be utilized for the following: (i) physical infrastructure; (ii) irrigation; (iii) energy and watershed development; and (iv) any other measures for enhancing environmental quality in mining district.

Clean Environment Cess on coal, which is now part of Goods & Services Tax (Compensation to States) Act, 2017 is not administered by Ministry of Coal. It is administered by Ministry of Finance.

(c) & (d) The amount of Rs.566 crores payable by M/s Hindalco Industries Limited on account of coal block Talabira-I is the additional levy amount for coal produced from Talabira-I coal block. The issue of accrual of additional levy either to Central Government or to State Government concerned is under examination in consultation with Ministry of Finance and Ministry of Law & Justice.

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